

**Introduced by Senator Florez**

January 23, 2006

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Senate Resolution No. 22—Relative to paycheck cashing fees.

1 WHEREAS, Banks provide an advertised service to their  
2 customers relating to the issuance of payroll for their employees,  
3 such as tax and payroll processing for which banks receive a fee;  
4 and

5 WHEREAS, Employers' checking accounts are regularly used  
6 by banks to issue payroll checks and banks encourage their business  
7 customers to use the bank's accounts and services for payroll  
8 processing purposes; and

9 WHEREAS, Employers pay their employees through their  
10 bank's checking account for which the bank charges the employer  
11 a fee for its services; and

12 WHEREAS, Employers keep large sums on deposit with their  
13 bank upon which payroll checks and other transactions are issued;  
14 and

15 WHEREAS, Section 212 of the Labor Code provides that  
16 employers and their agents or officers are obligated to issue  
17 paychecks which are "negotiable and payable in cash, on demand,  
18 without discount, at some established place of business in the  
19 state"; and

20 WHEREAS, Employers rely upon their bank to provide the  
21 "place of business" where their employees may cash their  
22 paychecks "without discount"; and

23 WHEREAS, The bank is the agent of the employers for the  
24 purpose of paying their employees; and

25 WHEREAS, Section 212 of the Labor Code requires employers  
26 to offer their employees an opportunity to cash their paychecks

1 without discount at an established place of business in the state;  
2 and

3 WHEREAS, Employers are failing to comply with Section 212  
4 of the Labor Code, and financial institutions are aiding these Labor  
5 Code violations by failing to offer fee-free paycheck cashing to  
6 the employees of their business clients; and

7 WHEREAS, The State of California has an obligation to  
8 encourage both state and federally chartered financial institutions  
9 to comply with Section 212 of the Labor Code by offering fee-free  
10 paycheck cashing to the employees of their business clients; now,  
11 therefore, be it

12 *Resolved by the Senate of the State of California*, That no state  
13 agency should contract with, purchase from, or sell state-issued  
14 bonds directly either through public sale or private placement to  
15 any financial institution that charges a fee to an individual who  
16 wishes to cash a paycheck drawn on funds held at that institution  
17 by a business client of that institution; and be it further

18 *Resolved*, That the Secretary of the Senate transmit copies of  
19 this resolution to the author for appropriate distribution.